

Sound Off: How Agents & Carriers Forge Success

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September 1, 2008

They may share common business goals and objectives, but agents and carriers must also share a business environment of open communication and streamlined transmissions.

The agent/carrier relationship is like no other-sometimes considered a match made in heaven, it also can be a source of bitter frustration as both parties try to make their expectations known and communicate effectively. INN gathered like minds in this exclusive forum, which offers perspectives as varied as their origination: a carrier that works primarily with a broker/dealer network, a successful independent agent, an industry consultant and two industry experts who represent agents, their technology efforts and the standards used by both agents and carriers. INN's exclusive forum addresses the all-important shared objective: building business together.

Describe the ideal state of the agent-carrier relationship. Is it a partnership? What should each party bring to the relationship in terms of technology?

BARTOSH: The ideal agent-carrier relationship today is definitely a partnership. Over recent years, many tasks have been outsourced back to the agency. In many cases, these tasks are best performed at the point of client contact. From a technological point of view, each side has responsibilities. The company needs to provide more access to the systems that we need to support our client's needs, and this must be offered in a real-time environment. Our clients are in our office or on the phone, and need immediate access to information. From the agency side, we must keep up to date with our own technology-not just with hardware but, most importantly, in the software area of maintaining the most current versions of our agency management systems. Agencies also must embrace the technology and break out of the status quo to take on the efficiencies that come from the implementation of new workflows.

BATES: We've been talking about the agency/carrier partnership for years, but it really isn't a partnership-it's more of an "open distributor-manufacturer" relationship. Carriers like to think in terms of "partnership" because that implies a one-on-one relationship, but in reality, each carrier has multiple relationships and each agency has multiple relationships. It's more like an "open marriage."

The true agency/carrier relationship is one in which both are competing with each other for time, attention and business concessions. Carriers want more production, solidly underwritten risks, attention to detail and full disclosure from agencies/brokerages. Agencies want market availability, ease of doing business, underwriting understanding and flexibility, and attractive pricing. Many of those "wants" actually conflict with each other. That is why a distributor relationship is a better description than a partnership. Partners share goals; distributors find sources to fill a need.

Moreover, in a partnership, the competition has ended. If a husband had to constantly compete with other men, the marriage would probably not be a great partnership. In a distributor relationship, the market must compete because it knows the distributor has many market options. The "partnership" philosophy takes the responsibility off the carrier to compete, and off the agency to demand. By reframing that relationship from "partnership" to distributor-model, we approach the issues differently and more productively.

Carriers will have to compete for an agency's business in a way most do not compete now. Making the agency's work easier would be a great way to compete. Offering compensation schedules that are based on

a specific agency's historical loss ratios would be another way to compete.

DEARMAN: Trust-based relationships are the cornerstone of our business in every segment of the value-chain. From client to agent, agent to broker/dealer and broker/dealer to carrier, the same key components, consistently delivered, are the ones that create robust partnerships and allow them to flourish. We believe that these key components are a three-legged stool comprised of product, relationship and service.

First, the product that the carrier brings to the table must be responsive to the financial goals of the customer and provide a unique and cost-effective way to meet their needs. Second, a carrier must be willing to invest in building relationships that afford an open and honest exchange of information. These interactions must begin with the carrier, establishing a clear understanding of the needs, desires and goals of the customer (whether it's an investor, registered representative or broker/dealer). Third, the relationship must be sustained with proactive and agile support and service. A "once-and-done" relationship is no relationship at all.

When properly implemented, technology can help in all three of these areas. In the areas of products, illustration systems, integration with order entry capabilities, easy-to-use product research tools and flexible administration systems can provide agents and broker/dealers (BDs) with the tools they need to focus their time on the client rather than on administrative tasks. Relationships are cemented when carriers use technological innovations in contact history, customer relationship management and real-time service-level reporting to ensure that clients receive personal, proactive and knowledgeable service. Nothing kills the feeling of personal service faster than 90 seconds of typing answer after answer into a phone tree system, only to be greeted with a "please provide your agent number" prompt. (The subtle lesson here is that technology can be your foe, too.)

Finally, service is driven by accessibility, transparency, empowerment, consistency and responsiveness. Technology can enable carriers not only to exhibit each of these qualities, but also to do so in a way that is scalable, auditable for continuous process improvement and cost-effective.

DURLAND: It's definitely a partnership, but nothing happens unless the sale is made. To succeed, the carriers and agents need to work well together. Carriers need to provide products and services that satisfy the consumer's needs, and the customer needs to feel as though they've transferred their risk for a reasonable cost. They also need to provide knowledge and access to what is being offered in a way that is easy for the agents to use and understand. Finally, agents need to be able to represent the products and services that all their carriers offer, and provide the service consumers expect.

Carriers need to provide technology that is easy to work with. It needs to be based on the collaborative industry feedback, not one or two of their most vocal agent/brokers. One resource they should use is "The Real Time Campaign Stakeholders Agreement." They also should base that technology on ACORD standards. Agents need to use the technology provided by the carriers. If something doesn't work well, they need to communicate their issue to help their partner resolve it.

FLANIGAN: The ideal state of the agent-carrier relationship is a partnership, and to maximize that partnership, technical solutions should increase productivity and eliminate redundancy. Technical solutions need to benefit both parties. For example, solutions that provide agents with easy access to information such as real-time inquiry or real-time quoting can improve agent productivity while also reducing carrier expense. Carriers should offer "ease of doing business" solutions, and agents need to utilize those solutions in order for both parties to achieve the benefits.

YATES: The ideal agent-carrier relationship is one of partnership where each of the parties looks after the

interests of the other. The agent provides the carrier complete and accurate information in submissions, helps in the underwriting of the account, and provides an ongoing flow of business to the carrier.

The carrier tries to meet the agent's market needs and to find a way to write particular risks. The carrier also wants to see its agents thrive as businesses so that they will be in the best position to write new business and to serve mutual customers well. As a result, such a company will do everything it can to make itself easy to do business with, so the agent can interact with the carrier efficiently and profitably. The carrier wants to help the agent eliminate as much processing as possible-particularly duplicate data entry-so that the agency can dedicate its employee resources to proactive service, account rounding, account up-selling, and generating new prospects and sales.

The agency should be a well-managed business that is proficient with technology, and should keep up with the latest interface technologies so carriers can interact with it efficiently and electronically using Real Time and Download. The agent should provide the carrier with complete and accurate data.

The agent should be able to interact with the carrier using Real Time and Download without re-entering data that is already in the agency management system. The carrier should use the ACORD standard forms-with supplements if absolutely necessary-recognizing that the agency must deal with multiple companies. The carrier should focus on fixing any errors or problems that occur with its Real Time and Download implementations as a priority.

Carriers also should accept non-expiring, more complex passwords from agents for Real Time transactions generated through agency management systems and comparative raters, because expiring passwords are a major source of Real Time error responses today. If the carrier uses expiring passwords, it should give the agent advance notice before they are about to expire and implement a workflow that enables the agent to change an expired password within the Real Time transaction without it "erroring out," which the vendors are starting to enable.

What role do agency management systems play in standardizing workflows-and where are the typical bottlenecks? What role do ACORD standards have in relieving some of those bottlenecks?

BARTOSH: In our own agency, the agency management system plays a key role. Our practice is that all workflows start and end in our management system. We only maintain one source for our information. For many years, agencies have used the agency management system to store data. We have taken the next step to build our own structured agency workflows that everyone follows. This provides for a standard that is consistent, no matter who may be handling the workflow. In addition, we have added event activity logs for these processes so we can measure and ensure consistent results.

The biggest bottleneck is in the transfer of data from the management system to the carriers. Our belief is that the agency holds the data and the company holds the rating engines, and that we should be able to exchange this data in a two-way method of communication. Whether this is for an inquiry, first notice of loss, to make a payment or rate a policy, we are expecting a round-trip transaction. Start in the agency management system, end in the management system.

ACORD standards play an important part in a successful transaction. We have found over the years that the ACORD form is used to gather information for rating transactions. But the forms are incomplete. What has always been considered as company-unique information, we now find is not unique because the form did not include the information, but all companies were requesting the same type of information. This has begun to change with the introduction of newly updated forms for residential and, eventually, the business owners forms. With complete information in the management system and the use of ACORD standards, we should

be able to send this data and instantaneously receive a rate from the company systems.

BATES: Agency management systems are not really the issue. The real issue is workflows. Here lies a huge problem: Agencies have been convinced by their "partners" that the best way to get a quote is to re-enter the same information into the carrier Web sites to compare competitive quotes. The agency bosses haven't studied the workflow to realize that hopping onto the Web sites is a terrible way to do business.

Instead, agency staff should collect the information from the prospect directly into the agency management system under "prospect," and then use Real Time from any carrier that participates to transport (or "fly") the rating info over to the various carrier Web sites to get the quote.

Any carrier that does not participate in Real Time but is needed for the quote could be accessed by cutting and pasting data from the ACORD app on the left screen to the non-Real Time Web site on the right screen (yet another reason why agencies must give their staffs dual monitors).

When the agency captures the information in its own system, it can study and compare hit-ratios among its quoting staff; it can set up any quotes they don't get this year for re-approach next year with a suspense or open activity file, and coverages that are offered but not wanted by the prospect can be noted as an activity that is essential for E&O safety.

The old "go to the carrier sites and re-enter" method can take more than 1.75 hours. The new "start in your own system" method can take as little as 15 minutes. How much more new business could agencies write if they saved that much time with each quote? Conversely, how few quotes can an agency staffer squeeze into a busy day when each one takes almost two hours?

It is convenient to blame carriers for not participating in Real Time and investing in it, but it also is equally agencies' faults for not using Real Time when even one of their carriers offers it. And the onus falls on agencies that don't revamp their workflows to take advantage of Real Time and take the time to set it up correctly so it works properly.

DEARMAN: In the independent broker/dealer model, a fully electronic workflow system is generally a luxury that is provided by the clearing firm. However, in the case of NPH, we are fortunate to have been able to implement an online workflow system that utilizes electronic signatures for paper-free communication between the field and the home office. This has not only made the day-to-day operations of our reps much more efficient, but also has facilitated the creation of standardized operational and compliance workflows that streamline the middle and back office processing of transactions.

Though the concept of true straight-through processing for all insurance product types is still in concept and pilot stages, we do already see ACORD standards playing an important role in providing a common vocabulary for the industry. Specifically, PPFA is already helping to get carriers and BDs (and even regulators) on the same page as it relates to describing complex products in a standardized way and using formats that are easily processed by order entry, rules engines and workflow systems.

DURLAND: The management system is the vehicle used by the agency to standardize their workflows. Bottlenecks occur because the vendors that develop and maintain these systems have to support current and prior versions of their systems. Thus, they must work with their user groups on their agents' priorities to ensure that release of their products are timely. The inclusion of current ACORD forms also has been an obstacle that they haven't been able to resolve in a timely manner. They also have to do customized programming to handle carrier-specific requests.

ACORD is working on helping the Real Time Campaign with the issue of quality implementation of download and real time. A working group has been established to secure feedback, triage the issues and then forward them to the individuals/entities that could work toward resolving them. If through the triage process the issue is sent to ACORD, they will work with the industry to fix the standard, develop or expand upon implementation guides, tighten up on the certification process and/or communicate why the standard was implemented the way it was.

FLANIGAN: Agency management systems add value in enabling standardized workflows when the vendors understand the pain points of their users and eliminate them. Typical bottlenecks occur when agents don't fully utilize the capabilities of their management system, or if the management system solution doesn't meet the objective of improving the agent's workflow. ACORD standards relieve bottlenecks by enabling consistent data exchange between agents and carriers.

YATES: Agents want their agency management systems to be the hub for all of their information, and the vehicle they use to interface with their carriers electronically using a consistent workflow. The databases of agency management systems are built on ACORD standards so it is essential that carriers use these standards and minimize the use of additional required information beyond the standards wherever possible. Use of the ACORD XML standards for real time also enhances the speed and accuracy of these transactions for both the carrier and agent.

From the carrier's side, where can most improvements occur in terms of making it easier for agents to conduct business with them? What is the agent's responsibility in this regard?

BARTOSH: Ease of doing business is a term that is often used, but not always delivering on its true meaning. The only solution to understanding a true ease of doing business is to understand the entire workflow from beginning to end. This applies from information gathering by the agency to final issuance of a policy (renewal, endorsement, etc.) by the carrier. To do this, agencies and carriers must work together as partners to map out the entire workflow, understand the process and identify where the issues are located. We recently discussed with a carrier how to use ACORD's Power of Change process to conduct a review of the new business processing workflow. This joint effort reinforces the partnership we have by taking into consideration the needs of both sides, and the objective of finding and removing the costs on both sides of the transaction. We can't simply assume that throwing some technology into the mix will make it easier to do business. We will need to work together to find how using technology on both sides can reduce the workflow steps for each of us, thus reducing the costs for all. The agent's responsibility must be open to support, and use the transactions that are developed using technology to make the entire process efficient.

BATES: The best thing we can do is make the databases of agencies and carriers "play well together." The carriers' proprietary fears that have kept them from implementing true upload and the agencies' reluctance to use new tools and re-engineer their processes to take advantage of what carriers do offer remind me of two people who are both waiting for the other to go through the door and so neither goes anywhere. Wouldn't it be better for one to go through and drag the other with him?

Download is at the end of its rope. Most insurance people today don't realize that Download was meant to be a temporary fix until carriers could suck data out of the agency management systems.

Today, almost 25 years after Download began, agencies still complain that it overwrites detail in the agency management system and "plops" data into remarks or notepad, rather than into fields. This means that merging forms, such as proposals and summaries, and remarketing to other carriers is hobbled because the database at the agency is inconsistent.

While Download has great value in personal lines renewals, only by an agency being proactive in getting a carrier's Download techs to re-map data to the agency's standards will allow the agency to have a fully functional merging and marketing (e.g. data mining) database. How can carriers fix something that an agency doesn't know is broken and therefore does not communicate the need to fix?

DEARMAN: The processes of new business, account maintenance and service can all be improved to enhance transactional efficiency. In fact, compared to systems that drive brokerage operations and operational capabilities in industries such as mutual funds and SMAs, it can be argued that the insurance world has just begun to define the phrase "ease of doing business." What independent broker/dealers and their reps demand in this area is accessibility of data (product, transaction, valuation/position, service status, access to reporting), transparency of processing (funding, underwriting, exchange processing, compliance review) and empowerment (aka self-service, preferably online for both client and rep).

It is the responsibility of the broker/dealer and rep to provide an ongoing feedback loop for carriers. As complexities continue to increase in product development, regulatory oversight and customer service expectations, carriers can focus on creating value by introducing efficiency-enhancing tools in concert with new products and regulations, rather than after onerous administrative burden is being experienced in the field.

DURLAND: The carriers need to implement ACORD standards and connect to the agency management systems, and/or comparative rating systems. If there is an issue with implementing standards, they should work with ACORD to resolve it.

Agents need to work with the carriers and communicate a consistent message. Agents' involvement with ACORD, over the past year or two, has helped us expand the standards so that they handle more of the day to day business needs.

FLANIGAN: The carrier needs to offer solutions that maximize the value of the agent's management system and enable the agent to initiate activities from that system. The agent's responsibility is to utilize the solutions. In addition, agents should provide input to the carriers that will assist carriers in setting priorities for future investments in technology.

It also is the agent's responsibility to provide feedback to the carrier if the agent encounters problems with the carrier's solution. Carriers can't resolve issues if they aren't made aware of them.

YATES: I believe the most opportunity lies with implementing Real Time and Download for both personal and commercial lines. The carrier should implement real-time endorsements that deep link to exactly the place agents need to go to complete the change. Commercial lines rating, which enable agents to bridge over large vehicle and property schedules directly from their agency management systems also are having a big impact.

Carriers should work with vendors to make sure their commercial lines downloading is as complete as possible, including descriptions for codes. Carriers should periodically re-certify Download transactions with vendors to make sure they are as accurate and complete as possible. Carriers also should train their marketing reps in their technology offerings and have them encourage agents to implement these advanced workflows. The carrier should offer its agents training in these technologies.

The agency's responsibility is to use Real Time and Download (including Commercial Lines Download for the more standard risks and lines) with those carriers where it is offered. The agency should train its employees on these workflows and monitor their usage. The agency should make sure it is placing data in

the proper fields of the agency management system so that it is not overwritten by the carrier's Download. When agents encounter a problem with a carrier's or vendor's implementation of a technology (Real Time slow or errors out, Download data not complete or sent to wrong fields, etc.), the agent should pursue it with the carrier and/or vendor to make them aware and get it fixed.

What steps should agents and carriers take to ensure proper and efficient deployment of technologies such as rules, ratings and workflow engines?

BARTOSH: When Real Time rating was first introduced, the workflow was new and adoption was slow. Was it the technology? My reply is no. It was the inability for agencies to look at the workflows that they can use to feed the information to the carriers.

We begin our new prospect in our management system; gather full and complete information in a standard format following ACORD standards; transmit a complete data set to the carrier; and return a rate with value added attachments. The carrier holds on to the rules, rates and engines for performing the final calculations that will be used in the issued product (policy). The attachments they return can be full proposals highlighting why their product is best. This is better to present to our client than a generic proposal highlighting standard coverage and bottom-line pricing.

We are using this method today to comparatively rate auto, home, business owners, workers compensation, business auto, property and liability in a comparative method. These new methods have significantly reduced our training time for new employees.

The problem we have now is for those carriers that have not joined us and therefore, have not provided us with the Real Time solutions for inquiry, rating and servicing. As a result, they are no longer part of our standard workflow.

BATES: Agents (and carriers) should focus on procedures pertinent to each type of transaction performed by an agency. The IIABA Best Practices Joint Planning Tool is a good way to introduce that concept and allows a great platform for making that process happen.

DEARMAN: Good technology rollout, from a BD's perspective, is like a good speech: Tell us what you're going to say, say it clearly and completely, then concisely recap what you said. This is an especially good analogy because successful carrier technology initiatives, from our perspective, are rooted in good communication. Utilize proactive communication to find out what we need and engage us to jointly develop solutions that address the biggest symbiotic wins. Then tell us, without hyperbole or overly optimistic spin, when we should prepare to implement it. Work with us, through hands-on training, to successfully implement. Last, we want carriers to follow up with us to find out where we need to go next in terms of enhancements and/or process improvements in the next implementation. George Bernard Shaw once said, "The single biggest problem in communication is the illusion that it has taken place." As technology implementers, we have all, at one time or another, lamented over the lack of use of a tool, the improper use of another, or a sense that users don't really understand how much we have to offer. In our opinion, the key to realizing maximum utility with these tools is clear communication, consistent and accurate status updates, personal training and inquisitive follow-up.

DURLAND: ACORD is looking for assistance in documenting the rules to tighten up on the certification process. If you are interested in helping, please ask to join the quality working group.

FLANIGAN: Carriers should provide support to the agent as part of their deployment activities. Common support activities include written communication, Webinars, agency visits and help desk support. Agents

should have structured deployments, roles and responsibilities to support the deployment, as well as clear expectations regarding adoption of the solution. Both carriers and agents need to define measures of success that will validate that they have achieved the expected benefits of the technology.

YATES: Carriers should have an agency technology council that provides feedback to the carrier on its workflows and technology. The carrier also should record all agent process problems and issues and have a committee that evaluates them for patterns and sets priorities for resolution. The carrier should monitor real time quoting transactions, and where there are problems, immediately contact the agent to get them resolved as some carriers are now doing. Carriers should support industry efforts that permit the agent to secure the MVR and loss history reports when completing a real-time rate request for auto, so the rates received are as accurate as possible. The carriers should review their downloads to make sure the codes contain their descriptions so agents can understand them in their database.

Agents need to make sure they are fully using their agency management systems and actively participating in their user groups to get the latest tips.

For more information on the agent/carrier relationship, search "The Route to Real-Time Transactions" on www.insurancenetworking.com.

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